

Internal Audit Division
City of Greensboro



May 14, 2010

TO: Rashad Young, City Manager
FROM: Internal Audit Division
SUBJECT: Federal Forfeiture Review

The Internal Audit Division has completed our review of Federal Forfeiture Funds for the fiscal year 2008-2009. Attached you will find our review report; the departmental response and our reply to their responses. We feel that sufficient corrective actions have been implemented to our recommendations as we move forward. If you have any questions or need additional information, please let us know. Thanks.

Len Lucas, Internal Audit Director

Cc: Bob Morgan, Deputy City Manager
Michael Speedling, Assistant City Manager for Public Safety and Human Resources
Timothy R. Bellamy, Chief of Police



April 20, 2010

TO: Tim Bellamy, Chief of Police

FROM: Internal Audit Division

SUBJECT: Federal Forfeiture Review for Fiscal Year 2008-2009

The Internal Audit Division has completed a review of Federal Forfeiture expenditures for fiscal year 2008-2009. Federal Forfeiture funds are received from the Departments of the Treasury and Justice when the Police Department participates in either a joint investigation or by adoption when items are seized. The Police Department must complete an Equitable Sharing Agreement and request to share the seized assets within 30 days of the seizure. Shared funds can be used "for only law enforcement purposes and are subject to the laws, rules, regulations, and orders of the state or local jurisdiction governing the use of public funds available for law enforcement purposes." The Equitable Sharing Guidelines of the Departments of Treasury and Justice include a list of pre-approved uses including training, equipment, facilities, drug education and matching funds. Some examples of impermissible uses include salaries for existing officers, use of property by non-law enforcement, food and beverages, and extravagant expenses. The funds "may be retained in a holding account for a reasonable period of time, generally no longer than two years".

In Fiscal Year 2008-2009 the City received a total of \$290,528.48 from both agencies and spent \$508,115. During the review period, there were twelve grants with complete funding from forfeiture funds and one grant that was partially funded with forfeiture funds.

The objectives of our review were to:

- Ensure that the City is in compliance with the Equitable Sharing Guidelines by completing the annual agreement and certification and that the certification matches general ledger figures.
- Ensure that all expenditures tested were spent in accordance with the Equitable Sharing guidelines of both the Department of the Treasury and the Department of Justice. Determine that accounts have been reviewed for possible closure once projects are completed.
- Verify that assets purchased have been maintained in police inventory and if applicable capitalized according to the capital asset guidelines.

Equitable Sharing Agreement and Certification

To receive equitably shared funds, federal forfeiture, the City must complete an Equitable Sharing Agreement and Certification within 60 days of the close of the fiscal year. The Certification must include beginning and ending balances, funds received and spent, interest accrued on the funds, and any civil rights cases. The Agreement includes an affidavit to be signed by the agency head and Governing Body Head.

The report was first filed electronically on August 14, 2009. However, the Department of Justice sent out a letter on August 17th requesting amendments to the original form due to a discrepancy in federal sharing funds received. The amended report was electronically submitted on September 1, 2009.

After reviewing the report to determine if the balances matched the general ledger, there was a difference of \$47,899.50. This balance was the result of transferring unspent funds from grant accounts that had closed. According to a letter received from the DOJ, since the funds had been received in a prior period and already assigned to grant accounts, they were considered received and spent in the prior period. The funds are accounted for in the forfeiture spreadsheets, for the Department records, but could not be reported to the Department of Justice in that format.

Thirteen Grants with Federal Forfeiture Funding

During the review period there were thirteen grants funded with forfeiture funds. The accounts are as follows:

- 220-3528-01: Handgun Replacement- The account was used to purchase handguns and gun replacement parts. The last activity occurred 2/18/09. The account is balanced and \$552.87 in unspent funds were transferred to the deferred revenue account. Note: The account was closed December 2009.
- 220-3531-01: Patrol Vehicles- The account is used to purchase Crown Victoria patrol vehicles. The last activity occurred 6/30/09. The account is balanced and has \$347,170.02 in unspent funds as of 6/30/09. Note: The account has current fiscal year activity.
- 220-3538-01: Non-Lethal Devices- The account was used primarily for the purchase of tasers and the gas deployment system. The last activity occurred 5/18/09. The account is balanced and \$214.10 in unspent funds were transferred to the deferred revenue account. Note: The account was closed December 2009.
- 220-3550-01: Patrol Rifle Program- The account is used for the purchase of patrol rifles. The last activity occurred 4/14/09. The account is balanced and has \$35,489.35 in unspent funds. Note: The account has current fiscal year activity.
- 220-3552-01: State Drug Tax Digital Video/Audio Recording Systems- The account has multiple funding sources, but the federal forfeiture money in this account is used to purchase digital video/audio recording systems for the interview rooms. The last activity occurred 2/19/09. The account is balanced and has \$7,117 in unspent federal forfeiture funds. Note: The account has current fiscal year activity.
- 220-3554-01: Polygraph Training- The account was used to provide training to two detectives who use the polygraph systems. The last activity occurred 12/22/08. The account is balanced and \$186.84 in unspent funds were transferred to the deferred revenue account. Note: The account was closed December 2009.
- 220-3555-01: Underwater Recovery- The account is used to purchase equipment and Hazmat dive suits for the underwater recovery team. The last activity occurred 6/30/09. The account is balanced and has \$9,954.07 in unspent funds. Note: The account has current fiscal year activity.
- 220-3558-01: FATS Training Carbine Rifle System- The account was used to purchase a rifle attachment for the FATS Training System. The last activity occurred 1/9/09. The account is balanced and \$700.00 in unspent funds were transferred to the deferred revenue account. Note: The account was closed December 2009.
- 220-3559-01: Tracker Equipment Upgrade- The account is used for the purchase GPS systems. The last activity occurred 5/6/09. The account is balanced and has \$1,762.45 in unspent funds. Note: The account has current fiscal year activity.
- 220-3560-01: Tasers- The account is used for the purchase of tasers. The last activity occurred 5/18/09. The account is balanced and has \$150,936.62 in unspent funds. Note: The account has current fiscal year activity.
- 220-3561-01: Polygraph Equipment Upgrade- The account was used for to upgrade the polygraph system. The last activity occurred 12/1/08. The account is balanced and \$540.20 in unspent funds were transferred to the deferred revenue account. Note: The account was closed December 2009.
- 220-3562-01: Vehicle Purchase (2003 Hummer H2)- The account was used to purchase a Hummer H2 from the US Marshalls for Special Response Team purposes. The last activity occurred 10/28/08. The account is balanced and has no remaining balance. Note: The account was closed December 2009.
- 220-3564-01: Chemical Munitions- The account is used for the purchase of chemical munitions. The last activity occurred 5/28/09. The account is balanced and has \$41,766.25 in unspent funds. Note: The account has current fiscal year activity.

Six of the thirteen accounts were completed by the end of fiscal year 2008-2009 and were ready to close by the beginning of fiscal year 2009-2010. Courtney Hemphill, Police Grants Analyst, and Sgt. Kevin Moore, Office of Budget and Planning, review the open grants yearly to determine if the project is finished and if the money has been spent within the two year guideline. Also, at the end of each fiscal year, staff looks back two years to make sure that they have spent at least the same amount of money that they received two years prior.

Capital Assets & Inventory

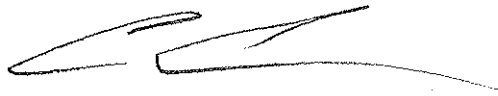
We received a list of capital assets from Christina Smith, Accountant in the Financial & Administrative Services Department. The asset list, as mentioned in the above accounts, includes seven GPS systems and the 2003 Hummer H2. All of the capital assets that were checked were in service and had serial numbers which matched the listing.

Logistics keeps records of all inventory items for the Police Department. During fiscal year 2009, there were several tasers and rifles that were purchased, but fell below the capitalization threshold. We were able to view the unassigned rifles and then received a list of the tasers and randomly selected some to spot check for serial numbers. We chose tasers to view from each substation. Five of the tasers selected had different serial numbers than was what listed. We notified Gary McNabb, Logistics Supervisor, and Courtney Hemphill of the differences. The remaining tasers had matching serial numbers.

We would like to thank the Police Department for their assistance and cooperation during this review. Please provide a response by May 4th. If there are any questions concerning the details of this review, please call us at 373-2230.



Kimberly Strickland
Internal Auditor



Len Lucas
Internal Audit Director

cc: Bob Morgan, Deputy City Manager
Michael Speedling, Assistant City Manager for Human Resources & Public Safety

Police Department
City of Greensboro



May 11, 2010

TO: Kimberly Strickland, Internal Audit Division

FROM: Timothy R. Bellamy, Chief of Police

SUBJECT: Response to Internal Audit Federal Forfeiture Review for Fiscal Year 2008-2009

The Internal Audit Division conducted an audit of the Police Department's Federal Forfeiture expenditures for the fiscal year 2008/2009. The auditor examined two topical areas; they are as follows:

1. Equitable Sharing Agreement and Certification
2. Capital Assets and Inventory

There were no problems detected in the examination of equitable sharing agreement and certification.

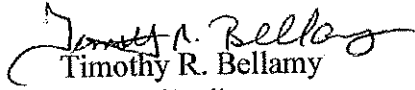
In examining capital assets and inventory, the auditor noted five tasers had different serial numbers than what was listed in the Logistics Section inventory. Gary McNabb, Logistics Section supervisor, and Lieutenant Renae Sigmon follow-up on this matter. Their follow-up revealed the following and took corrective actions regarding this matter.

- Three of the tasers listed serial numbers had been recorded incorrectly by having an extra number inserted on the inventory list. This has been correct by McNabb and Sigmon.
- The two other tasers were sent off for repairs and the replacement tasers were not recorded properly on the inventory list. This issue has been corrected.

Further steps taken:

- The master taser list is now password protected in the Resource Management Division shared folder system. Only three individuals have the password.
- Lieutenant Sigmon will conduct monthly audits of the department's tasers.

I give thanks to the Internal Audit Division for this audit and review.


Timothy R. Bellamy
Chief of Police

Cc: Deputy City Manager Bob Morgan
Assistant City Manager Mike Speedling

Internal Audit Division
Executive Department
City of Greensboro



May 11, 2010

TO: Tim Bellamy, Chief of Police
FROM: Internal Audit Division
SUBJECT: Response to Federal Forfeiture Review for Fiscal Year 2008-2009

We have received and agree with the Police Department's response to the Federal Forfeiture Review for fiscal year 2008-2009.

We would like to thank the Police Department for their response. If there are any questions concerning the details of this review, please call us at 373-2230.

Kimberly Strickland
Internal Auditor

Len Lucas
Internal Audit Director

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Michael Speedling, Assistant City Manager for Human Resources & Public Safety